

Message Text

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51

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O 231917Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 5790

INFO AMEMBASSY CARACAS IMMEDIATE

AMEMBASSY TEHRAN IMMEDIATE

AMEMBASSY LAGOS IMMEDIATE

C O N F I D E N T I A L LONDON 13714

EXDIS

E.O. 11652: XGDS-3

TAGS: ENRG

SUBJECT: SHELL PROPOSAL FOR "CRISIS SURCHARGE" ON
NIGERIAN CRUDE SALE

1. SHELL INTERNATIONAL HAS PROPOSED TO HMG THAT IT BRING TO ATTENTION OF LEADING GOVERNMENTS STARTLINGLY HIGH BIDS SUBMITTED FOR FIRST BIG NIGERIAN SALE OF PARTICIPATION AND ROYALTY CRUDE. ACCORDING TO SHELL, 170 BIDS FOR APPROXIMATELY 2 M/B/D/ AT \$15 TO ABOVE \$16 A BARREL HAVE NIGERIANS THEMSELVES ABSOLUTELY FLABBERGASTED.
2. SHELL IS CONCERNED THAT, UNLESS ACTION IS TAKEN TO DISSUADE NIGERIANS, WORLD CRUDE MARKET WILL BE TURNED TOPSY-TURVY ONCE AGAIN. SHELL SUGGESTS THIS BE TREATED AS SPECIAL CASE IF NECESSARY IN WHICH NIGERIANS WOULD IMPOSE \$4-5 A BARREL "CRISIS SURCHARGE" ON TOP OF "NORMAL" MARKET PRICE. SURCHARGE PRESUMABLY WOULD BE LIFTED ONCE ARAB EMBARGO AND PRODUCTION CUTBACKS LIFTED.
3. SHELL HAS NOT BEEN ABLE AS YET TO MAKE CONTACT (BECAUSE OF THANKSGIVING HOLIDAY POSSIBLY) WITH US INTERNATIONALS TO POSE PROBLEM AND SUGGESTED SOLUTION. BUT SHELL CONCERN IS THAT SIMILAR APPROACH MAY HAVE TO BE MADE ASAP TO VENEZUELANS WHO ARE ABOUT TO SET NEW TAX REFERENCE PRICE ON DECEMBER 1. SHELL FEARS
CONFIDENTIAL

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VENEZUELAN PRESIDENTIAL ELECTION CAMPAIGN MAY TEMPT VENEZUELANS TO EMULATE NIGERIANS WITHOUT DELAY. IRANIANS WOULD ALMOST NECESSARILY BE FORCED TO FOLLOW SUIT IF NIGERIANS AND VENEZUELANS SET PRECEDENT.

4. FCO CONFIRMS THAT SHELL PROPOSAL HAS RECEIVED
PROMPT ATTENTION TODAY AND HOPES FOR MINISTERIAL LEVEL
APPROVAL BY COB NOVEMBER 23.

5. COMMENT: BRITISH UNDOUBTEDLY WILL BE PREPARED TO
MAKE INITIAL DEMARCHE WITH IRANIANS (SECRETARY OF STATE
PETER WALKER IS SCHEDULED TO SEE SHAH AT END OF
NOVEMBER) AS WELL AS WITH NIGERIANS. NATURAL FIRST
APPROACH TO VENEZUELANAS WOULD BE BY US.

ANNENBERG

CONFIDENTIAL

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Message Attributes

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